

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

*In the Matter of* )  
 ) No. G 99 - 42  
 )  
 **The Market Conduct Examination** ) FINDINGS, CONCLUSIONS, AND  
 **of Chubb Indemnity Insurance Company,** ) ORDER ADOPTING REPORT  
 **Chubb National Insurance Company,** )  
 **Federal Insurance Company, Great** )  
 **Northern Insurance Company,** )  
 **Northwestern Pacific Indemnity Company,** )  
 **Pacific Indemnity Company; and Vigilant** )  
 **Insurance Company.** )  
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**BACKGROUND**

An examination of the market conduct of Chubb Indemnity Insurance Company; Chubb National Insurance Company; Federal Insurance Company; Great Northern Insurance Company; Northwestern Pacific Indemnity Company; Pacific Indemnity Company, and Vigilant Insurance Company (the Companies) for January 1, 1998, through September 30, 1998, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Companies are a group of insurers authorized under RCW 48.05.030. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner. This examination was limited to underwriting and rating, non-renewal and cancellations, and rate and form filings.

The examination report with the findings and recommendations was transmitted to the Companies for comments on June 10, 1999. Responses to the draft report were received on July 9, 1999. The Companies did not request a hearing.

The Commissioner or a designee has considered the report, the relevant portions of the examiner workpapers, and the submission by the Companies.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

### **FINDINGS**

The Commissioner adopts as findings the findings of the examiners as contained on pages 5 through 9 of the report.

### **CONCLUSIONS**

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Companies.

### **ORDER**

The examination report as filed, attached hereto and incorporated by reference, is hereby **ADOPTED** as the final examination report.

It is **ORDERED** that the Companies and each of them comply with the Instructions in the Report, as follows (page references are to the Report):

1. The companies are instructed to comply with RCW 48.05.190(1) and establish procedures that ensure policy documents and correspondence correctly identify the legal name of the insuring company. (Page 5)
2. The companies are instructed to comply with WAC 284-30-560 to ensure that all binders correctly identify the legal name of the insuring company. (Page 5)
3. The companies are instructed to comply with RCW 48.17.591(1) and offer renewals pursuant to the requirements of this law when the agent/insurer relationship has been terminated. (Page 8)
4. The companies are instructed to comply with RCW 48.18.2901(1)(b) to ensure all offers of renewal are made in writing to the named insured at least 20 days in advance. (Page 5)

5. The companies are instructed to comply with all filing and rating requirements in WAC 284-24-100(2)(3)and (5), WAC 284-24-070(3)(a-c) and RCW 48.19.040(6). (Page 6)

6. The companies are instructed to comply with RCW 48.03.030(1) to ensure that all policy records are available for examination when requested during the course of an examination. (Page 6 )

7. The companies are instructed to comply with RCW 48.18.230(1) and issue binders with effective dates no longer than 90 days. (Page 7)

8. The companies are instructed to comply with RCW 48.18.140(2)(f) to ensure that all policies are issued with the correct endorsements. (Page 7)

9. The companies are instructed to comply with RCW 48.18.300(1) to ensure written documentation of the insured's request to cancel a policy is retained in the policy file. (Page 8)

10. The companies are instructed to comply with RCW 48.18.100(5) and file all forms that do not qualify as manuscript forms. (Page 9)

ENTERED at Lacey, Washington, this 19th day of July, 1999.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner